

Message Text

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TO AMEMBASSY BRASILIA PRIORITY

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C O N F I D E N T I A L STATE 121707

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E.O. 11652: GDS

TAGS: TECH, BR

SUBJECT: US-BRAZIL NUCLEAR COOPERATION

REF: A) BRASILIA 3124 B) BRASILIA 3273

C) STATE 95776 D) STATE 92323

1. SUCCEEDING PARAGRAPHS PROVIDE FURTHER CLARIFICATION AND BACKGROUND ON QUESTIONS RAISED IN DISCUSSIONS OF THE TWO BECHTEL LETTERS.

2. RE: REFTEL A, PARA 3; THE SIX PRINCIPLES TRANSMITTED UNDER COVER OF BECHTEL'S SECOND LETTER (REFTEL D) WERE NOT REPEAT NOT THE SAME PRINCIPLES CONVEYED TO US INDUSTRY AT THE MEETING IN WASHINGTON JANUARY 28, 1975 BY ERDA. THE PURPOSE OF THAT MEETING WAS TO INFORM PROSPECTIVE US
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PRIVATE ENRICHERS THAT, WITH THE FORMATION OF THE INTER-

NATIONAL ENERGY AGENCY (IEA), A SATISFACTORY INSTITUTIONAL FRAMEWORK HAD BEEN ESTABLISHED PERMITTING THE USG NOW TO CONSIDER AUTHORIZING EXPLORATORY CONTACTS BETWEEN US FIRMS AND FOREIGN ENTITIES ON POSSIBILITIES FOR TRANSFER OF TECHNOLOGY LEADING TO OVERSEAS ENRICHMENT PLANTS. ERDA ADVISED THE ASSEMBLED COMPANY REPRESENTATIVES (WHICH INCLUDED UEA AS WELL AS FIRMS INTERESTED IN THE CENTRIFUGE, RATHER THAN THE GASEOUS DIFFUSION, PROCESS) THAT BEGIN QUOTE: WITH RESPECT TO GOVERNMENTAL CONSIDERATIONS OF ARRANGEMENTS DEVELOPED THROUGH THEIR DISCUSSIONS, WE WOULD BASE US GOVERNMENT FINDINGS AS TO THE ACCEPTABILITY OF SUCH PROPOSALS, INTER ALIA, ON: (1) COMPATIBILITY WITH OVERALL FOREIGN POLICY OBJECTIVES INCLUDING EFFECTIVE INTERNATIONAL ENERGY COOPERATION; (2) ASSURANCE THAT INTERNATIONAL SECURITY INTERESTS WOULD BE PROTECTED; (3) ASSURANCE OF SUPPORT OF DOMESTIC US INTERESTS INCLUDING THE SURETY OF US FUEL SUPPLY NEEDS BEING MET AND ESTABLISHMENT OF A COMPETITIVE PRIVATE SUPPLY INDUSTRY; (4) REASONABLE COMPENSATION TO THE US PUBLIC FOR PUBLICLY DEVELOPED TECHNOLOGY. END QUOTE.

3. IN ADDITION, INDUSTRY WAS ADVISED THAT, WHILE THE USG WAS PREPARED TO EVALUATE ALL PROPOSALS AGAINST THE ABOVE CRITERIA, PREFERENTIAL CONSIDERATION WOULD BE GIVEN TO PROSPECTIVE OVERSEAS ENRICHMENT VENTURES WHICH ALSO MET THE FOLLOWING TESTS; A) MEMBERSHIP IN IEA ON PART OF SITE COUNTRY AND/OR OTHER PARTICIPANTS, IF ANY; B) NPT ADHERENCE OF SITE COUNTRY AND/OR OTHER PARTICIPANTS, IF ANY; AND C) MULTINATIONAL CHARACTER OF FOREIGN PARTICIPATION IN THE ENTERPRISE.

4. THE SIX PRINCIPLES INCLUDED IN SECOND BECHTEL LETTER WERE, AS NOTED IN REFTEL (A) PUT FORTH BY US AT EARLY STAGE OF FOLLOW-UP DISCUSSIONS TO WASHINGTON ENERGY CONFERENCE AS PROPOSED GUIDELINES FOR ENRICHMENT COOPERATION AMONG ECG PARTICIPANTS. WHILE THERE WERE DISCUSSIONS OF THE USG PROPOSAL BY THE ECG AND WHILE THE PRINCIPLES DO, OF COURSE, REFLECT USG INTERESTS AND CONCERNS APPROPRIATELY TAILORED FOR A MULTILATERAL FORUM, THE FINAL ECG REPORT ON ENRICHMENT COOPERATION TOOK NO FORMAL POSITION

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ON THE PROPOSAL NOR WERE THE PRINCIPLES AS SUCH ADOPTED AS CRITERIA TO BE APPLIED TO OUR OWN NATIONAL ENRICHMENT POLICY. THEREFORE, THE BECHTEL LETTER WAS IMPRECISE IN CITING THE "SIX GUIDING PRINCIPLES" AS THE BASIS FOR USG EVALUATION OF POSSIBLE TECHNOLOGY-SHARING PROGRAMS.

5. ABOVE BACKGROUND IS ESSENTIALLY FOR EMBASSY'S INFORMATION. IT MAY, HOWEVER, BE DRAWN UPON TO CLARIFY

QUESTIONS GOB MAY RAISE, OR IN DEALING WITH US INDUSTRY REPRESENTATIVES.

6. FYI: RE: PARA 5 REFTTEL B, PRESENT USG POLICY WOULD REQUIRE CLEAR COMMITMENT BY PRIVATE US COMPANY TO CONSTRUCT NEXT INCREMENT OF ENRICHMENT CAPACITY IN US BEFORE FINAL APPROVAL COULD BE CONSIDERED FOR A FOREIGN ENRICHMENT PLANT USING US TECHNOLOGY OF SAME TYPE. THEREFORE, MELLO'S INTERPRETATION WAS BASICALLY CORRECT. END FYI. INGERSOLL

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